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Report No. 125068-BO

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

AND MULTILATERAL INVESTMENT GUARANTEE AGENCY

PERFORMANCE AND LEARNING REVIEW

OF THE COUNTRY PARTNERSHIP FRAMEWORK

FOR

THE PLURINATIONAL STATE OF BOLIVIA

FOR THE PERIOD FY2016-2020

May 31, 2018

**Bolivia, Chile, Ecuador, Peru and Venezuela Country Management Unit
Latin America and Caribbean Region**

**The International Finance Corporation
Latin America and the Caribbean Region**

The Multilateral Investment Guarantee Agency

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The date of the last Country Partnership Framework was November 4, 2015 (Report No. 82173-BO)

FISCAL YEAR

January 1 – December 31

CURRENCY EQUIVALENTS

USD 1 = Bs. 6.97

ABBREVIATIONS AND ACRONYMS

ABC	Bolivian Roads Agency (<i>Administradora Boliviana de Carreteras</i>)
AF	Additional Financing
ASA	Advisory Services and Analytics
CPF	Country Partnership Framework
CPPR	Country Portfolio Performance Review
DPF	Development Policy Financing
DRM	Disaster Risk Management
FDI	Foreign Direct Investment
FY	Fiscal Year
GDP	Gross Domestic Product
GruS	Bolivia Donors Group (<i>Grupo de Socios para el Desarrollo de Bolivia</i>)
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
INE	National Statistics Institute (<i>Instituto Nacional de Estadísticas</i>)
IPF	Investment Project Financing
MDP	Ministry of Development Planning
MIGA	Multilateral Investment Guarantee Agency
MSME	Micro, Small and Medium Enterprise
PDES	Economic and Social Development Plan (<i>Plan de Desarrollo Económico y Social</i>)
PLR	Performance and Learning Review
PPP	Public Private Partnership
SCD	Systematic Country Diagnostic
SDR	Special Drawing Rights
SME	Small and Medium Enterprise
SOEs	State Owned Enterprises
TA	Technical Assistance
WBG	World Bank Group
YPFB	Bolivian State-Owned Oil and Gas Company (<i>Yacimientos Petrolíferos Fiscales Bolivianos</i>)

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I. INTRODUCTION

1. **This Performance and Learning Review (PLR) summarizes progress in the implementation of and updates to the World Bank Group (WBG) Country Partnership Framework (CPF) for the Plurinational State of Bolivia for the Period FY2016-2020 (Report No. 82173-BO).** The CPF, discussed by the Board of Executive Directors on December 8, 2015, proposed a program of assistance, designed around two pillars, to: (i) promote broad-based and inclusive growth, and (ii) support environmental and fiscal sustainability, and resilience to climate change and economic shocks. Five inter-linked objectives have guided the WBG’s engagement for the CPF period to date.¹ The formulation of the CPF reflected the existing WBG program, the Government’s development strategy, the findings of the Systematic Country Diagnostic (SCD) and WBG comparative advantage. The adjustments to the current CPF reflect implementation challenges, a changing country context and emerging Government priorities.

2. **The CPF remains well-aligned to the Government’s vision, despite some priority shifts.** The Government’s strategy is outlined in the *Agenda Patriótica 2025*, and the five-year *Plan de Desarrollo Económico y Social 2016-2020* (PDES, Economic and Social Development Plan). When it was developed, the core Government strategy was primarily based on a state-led development model, which also aimed at attracting private investment in selected sectors. Since its enactment, the Government has prioritized new areas (industrialization, education, health, youth employment and justice). The Government also shifted, to some extent, its focus from rural to urban areas. In response, the WBG modified its lending program, stepping up engagement in new areas that had been prioritized by the SCD and where the WBG has both a strong comparative advantage and a track-record of operations in Bolivia (e.g., health).

3. **The CPF is being implemented amidst a changing macroeconomic and social context.** Expansionary policies have been used to cushion the fall in commodity prices. While these policies have contributed to maintain robust economic growth rates, they have generated sizable fiscal deficits. On the social front, after a decade of remarkable gains, progress on the reduction of poverty and inequality has been slower since 2014. The CPF period extends through June 2020 (including five months of the new Administration) and, therefore, provides an instrument to maintain the dialogue while a new national development plan is enacted.

4. **The CPF, with some changes, continues to provide an adequate umbrella for the collaboration between Bolivia and the WBG.** This PLR introduces some adjustments in objectives and indicators. The main change, however, is the dropping of Objective 5, ‘Strengthen Institutional Capacity to Improve Public Resource Management and the Business Environment’, given reduced interest in tackling this issue and the introduction of a new Objective ‘Improve the Information Base to Provide Quality Data for Public Policy Planning and Evaluation’. The other four objectives remain valid, but some indicators have been adjusted to reflect delays in implementation, changes in methodologies, and emerging Government priorities for the outer years of the CPF.

¹ Pillar 1: (i) Reduce Transport Costs and Increase Connectivity of Isolated and Vulnerable Communities to the National Road Network in Selected Areas; (ii) Increase Access to Selected Quality Basic Services for the Poorest Rural and Urban Communities; (iii) Improve Opportunities for Income Generation, Market Access and Sustainable Intensification. Pillar 2: (iv) Strengthen Capacity to Manage Climate Change and Reduce Vulnerability to Natural Disasters; and (v) Strengthen Capacity to Improve Public Resource Management and the Business Environment.

II. MAIN CHANGES IN COUNTRY CONTEXT

Recent Economic Developments

5. **The PDES 2016-2020 set out Bolivia's state-led development strategy and envisaged an expansionary policy stance.** The Plan underscored the role of public investment as the main engine of growth and projected significant investments on hydrocarbon exploration, electricity generation, transport infrastructure, and public services. The original plan was to fund this investment push by a mix of public borrowing, a partial consumption of the buffers accumulated, and Foreign Direct Investment (FDI). Since its enactment, the Government has prioritized new areas (industrialization, education, health, youth employment and justice). The Government also shifted, to some extent, its focus from rural to urban areas.

6. **Expansionary policies cushioned a less favorable external environment but created macroeconomic imbalances.** Growth decelerated from 4.9 to 4.2 percent of the Gross Domestic Product (GDP) between 2015-2017 due to a fall in commodity prices, lower gas production, volatility in the gas demand from Brazil, and stagnation of mining. Accommodative macroeconomic policies cushioned the growth slowdown: while low energy prices and falls in royalties curbed investment at subnational levels, capital spending by the central government and State-Owned Enterprises (SOEs) remained high, fueled by Central Bank financing. Domestic credit was boosted by credit allocations to productive sectors and social housing and interest rates ceilings (as per the 2013 Financial Services Law), expansionary open market operations, and lower reserves requirements. As a result, sizable current account and fiscal deficits emerged, at 6.3 and 7.8 percent of GDP in 2017, respectively (see Annex 5).

7. **A mix of external and internal borrowing and the depletion of the fiscal and external buffers financed the twin deficits.** Between 2015 and 2017, public debt increased from 42 to 50 percent of GDP, including through an international bond issuance (US\$1 billion), budget support loans from multilaterals sources other than the WBG, and Central Bank financing to SOEs². Over the same period, deposits of the public sector at the Central Bank declined from 21 to 17 percent of GDP, while international reserves fell significantly from 39 to 27 percent of GDP. A bigger fall in reserves was prevented through the imposition of import restrictions. Additionally, the reduction of reserve requirements on dollar-denominated deposits of commercial banks at the Central Bank, the requirement that pension funds invest mainly in domestic assets, and the shift of the deposit insurance portfolio (the Savers Protection Fund) from foreign to local currency, all prevented a further erosion of the country's foreign assets position over this period.

8. **Some efforts have been undertaken to spur private investment.** In line with the PDES, the Government continued to rely heavily on public investment in key sectors such as extractive industries, electricity, lithium, and transport infrastructure. However, the dialogue between the public and private sectors has intensified, including the setting up of working groups to improve the business climate. In the hydrocarbon sector, the Government has introduced fiscal incentives for exploration and production, including in protected areas, and allowed the SOE *Yacimientos Petroliferos Fiscales Bolivianos* (YPFB, the State-Owned Oil and Gas Company) to extend contracts with foreign investors in exchange for investments in areas of ongoing operations. In

² Public sector debt held by the pension funds has remained relatively stable – thus most of the country's US\$15 billion in pension assets largely invested in short-term papers issued by commercial banks.

non-hydrocarbon sectors, new regulations allow subnational governments to embark on ventures with the private sector, while restrictions to export alcohol, soy and sorghum, have been relaxed. Attracting more private investment will depend on a more conducive legal and regulatory framework.

9. **However, private investment has remained modest.** Despite the above, the sustained expansion of domestic credit and a buoyant real estate market, private investment has remained around 8 percent of GDP since 2015, in line with its historical levels. Although the Government enacted reforms to prop-up agricultural exports, and has entered selective alliances with the private sector (including a ground-breaking initiative to promote youth employment), these *ad hoc* changes have not tackled some of the binding constraints to private investment such as cumbersome tax procedures and rigid labor regulations. Additionally, several economic factors (e.g., generous salary increases and high logistic costs) also undermined the country's competitiveness.

10. **Bolivia's gas production levels, the country's key foreign exchange earner, are uncertain.** Insufficient investment in exploration, and struggles to meet peak demand from neighboring countries, have generated concerns about the sustainability of the gas sector. Fiscal incentives to encourage investments and the extension of existing contracts have sent strong signals of the Government's willingness to address the situation, but FDI is yet to materialize. Also, the government-to-government agreements on gas exports with other countries in the region might soon be replaced by competitive (market-based) transactions.

11. **Growth may be sustained over the remaining of the CPF period, but with downside risks.** Growth is forecast to revert gradually to around 3.5 percent of GDP by the end of the decade, as public investment and domestic credit stabilize. There exist several downside risks that need to be taken into account, including: (i) possible low economic and financial returns on ongoing public investments; (ii) potential constraints on expansionary policies, such as the possibility of a faster than envisaged erosion of macroeconomic buffers; (iii) lower than expected private investments; and (iv) adverse developments in the domestic gas sector whether coming from lower than expected gas reserves, faster than expected depletion of fields, or weaker than expected demand.

Progress on Poverty and Shared Prosperity

12. **After a decade of remarkable social gains, progress on the reduction of poverty and inequality have slowed down and growth is no longer pro-poor.** Between 2004 and 2014, the national poverty rate declined from 63 to 39 percent, extreme poverty fell from 39 to 17 percent, and the Gini coefficient dropped from 0.60 to 0.47 (Figure 1, see also Annex 5). But the reduction of poverty and inequality has slowed down. Poverty hovered around 39 percent between 2013 and 2016, as the reduction of rural poverty (from 60 to 57 percent) was offset by an uptick of urban poverty (from 29 to 31.6 percent). Recent data suggest that moderate poverty, notably urban poverty, declined in 2017, which is an encouraging sign. However, changes in income for people near the poverty line could be reversed. Moreover, the Growth Incidence Curve remained almost flat between 2011 and 2016, indicating that income gains have been more evenly distributed across the income distribution (Figure 2).³

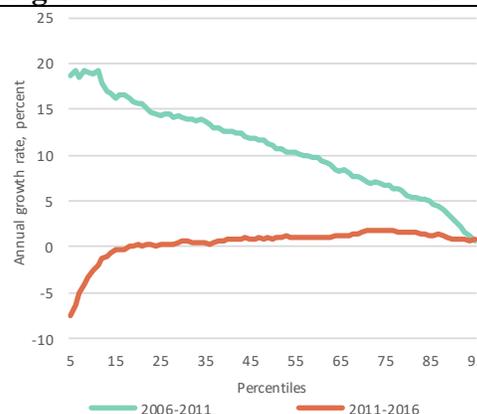
³ The slowdown in earnings has been more pronounced in low-skilled labor-intensive sectors such as agriculture and construction. In agriculture, annual growth in median wages was negative over the 2011-2016 period. Wage growth

Figure 1: Poverty and Inequality



Source: National Statistics Institute (INE, 2018)

Figure 2: Growth Incidence Curves



Source: Staff estimates (2018)

13. **As such, looking forward, it will be important to maintain and advance Bolivia's social gains.** A large share of the Bolivian population is clustered around the poverty line, making it vulnerable to economic and other types of exogenous shocks, e.g., those linked to drought and floods, which are increasingly frequent in Bolivia. Resuming the previous pace of poverty and inequality reduction in a less favorable international context will require a new mix of policies to: (i) propel economic growth without undermining long-term sustainability; (ii) target social protection programs (most of them currently universal in nature); (iii) renew the focus on boosting human capital, starting in early childhood; and (iv) improve the access to and quality of basic services, with a special focus on education, health and water and sanitation.

Political Context

14. **Presidential elections are slated for late 2019.** In November 2017, the Constitution Court lifted the two-consecutive term limit for the reelection of authorities in Bolivia. The CPF period extends through June 2020 (including five months of the new Administration) and, therefore, provides an instrument to maintain the dialogue while a new national development plan is enacted.

III. SUMMARY OF PROGRAM IMPLEMENTATION

Portfolio Overview

15. **The World Bank portfolio consists of eight Investment Project Financing (IPF) operations and a trust-funded project, with US\$1 billion in total commitments, of which US\$761 million (76 percent) remains undisbursed.** Total commitments increased by almost 50 percent since the beginning of the CPF period, from US\$672 million in FY16. Four IPFs, totaling US\$304 million, exited the portfolio in FY16-17, while two IPFs and two Additional Financings (AF) totaling US\$615 million were approved. The average value of World Bank financing for projects has increased from US\$61 million in FY16 to US\$111 million at present. The World Bank's financing of projects in Bolivia has been channeled mostly through IPFs. A Development Policy Financing (DPF) to support Disaster Risk Management (DRM) closed in FY16. The

has also declined in more labor intensive urban sectors such as construction and retail, usually the drivers of income growth for the bottom 40 percent. Only manufacturing and services experienced a higher wage growth in recent years.

deterioration of the medium-term macroeconomic framework has prevented the preparation of new DPF.

16. **Bolivia has a risky portfolio that requires close implementation support.** Efforts to support institutional strengthening in key sectors, particularly in the transport sector, where 56 percent of commitments and two thirds of the undisbursed balance are concentrated, have not yet produced the desired results. Implementation capacity, already weak, has been further undermined by limited coordination within the Government.⁴ The World Bank has provided close implementation support: for instance, projects in the transport sector have had three to four implementation support missions per year. The World Bank's fiduciary team provided systematic training to project counterparts and local focal points ensured day-to-day guidance and supervision. Monthly implementation meetings include representatives from the *Ministerio de Planificación del Desarrollo* (Ministry of Development Planning, MDP), and bi-annual Country Portfolio Performance Reviews (CPPR) have taken place.

17. **Efforts have focused on ensuring realism and proactivity of the active portfolio.** Problem projects increased from 27 to 44 percent since the beginning of the CPF, although commitments at risk decreased from 27 to 23 percent. Proactive actions were taken: two of the four problem projects were restructured, a third is being partially cancelled, and the future of a fourth in transport will be determined once the accomplishment of agreed steps (or lack thereof) is assessed. Long delays in project effectiveness and restructuring, coupled with limited institutional capacity in some sectors, particularly at the *Administradora Boliviana de Carreteras* (ABC, Bolivian Roads Agency), have resulted in difficulties to implement the portfolio. Overall, the portfolio disbursement ratio is low at 2.4 percent as of April 2018. Improvements in portfolio performance indicators are envisaged as implementation of the restructured projects is expected to improve and large contracts under the transport projects are awarded.

18. **Lending volumes were adjusted to the circumstances and are being aligned with emerging priorities.** The CPF envisaged an indicative lending volume of up to US\$2 billion over the five years of the CPF period, an average of US\$400 million per year.⁵ During the first two years of the CPF, new commitments averaged US\$307 million per year. An IPF in health in the amount of US\$300 million is expected to be approved in late FY18. However, the overall delivery of new lending in FY18 has been delayed due to the Government's decision to slow down the contracting of new debt given high undisbursed balances, particularly in the water sector. Moving forward, a lending volume of around US\$250-300 million per year seems more realistic, especially considering the Government's absorptive capacity. Further, the Government's interest in World Bank financing may decline, as new sources of funding become available through the issuance of sovereign bonds and lending from new sources of financing, such as China.

⁴ In general, when projects involve sub-national governments or inter-institutional agreements, the process to reach effectiveness is lengthy (it took around 16 months on average). Implementation is also slow in these cases due to complex bureaucratic processes.

⁵ Bolivia graduated from IDA in FY17 and became an IBRD-only country in FY18. In addition to the regular IDA17 allocation, Bolivia benefited from the IDA Scale-Up Facility in FY17 (US\$30 million). The CPF envisioned the transition of Bolivia to an IBRD-only status by the end of the IDA17 cycle. IDA is providing transitional financing under IBRD terms to Bolivia during FY18-20 for an amount equivalent to Special Drawing Rights (SDR) 99 million, two thirds of the IDA17 allocation to the country. The current IDA portfolio is US\$491 million out of the US\$1 billion in total commitments.

19. **Although limited, Advisory Services and Analytics (ASA) have been critical to underpin project preparation and policy dialogue.** Some knowledge gaps identified in the SCD⁶ have been addressed, in particular the need for better understanding of the impact of disasters and climate change on the welfare of the poor. A study on environmental planning in the hydrocarbon sector has also been delivered. Other ASA in the domain of education and the micro-determinants of growth have not been carried out for lack of demand by the Government. However, new opportunities have been harnessed: ASA have underpinned the preparation of new projects in the water and sanitation sector and on urban resilience. Technical Assistance (TA) has also supported policy dialogue in areas where there is nascent interest from the authorities in the WBG knowledge and expertise, e.g., Public-Private Partnerships (PPPs) (Table 1).

Table 1: ASA and TA Program in FY16-17

FY16	FY17
Strengthening Human Talent for Science, Technology and Innovation	Intermediate Cities Technical Assistance
Oil and Gas Sector: International Practices for Environmental Management	Qualitative and quantitative studies on the impacts of floods and droughts on the poor in Bolivia
Multiannual Budgeting and Planning	Strengthening Delivery of Sustainable Water Services for the Most Disadvantaged in Bolivia (Programmatic FY17-19)
Urban Development TA	Dialogue on PPP – International Experience

20. **Since the beginning of the CPF, the International Finance Corporation (IFC) has committed eight new projects for a total of US\$54 million.** Two of these projects tackle long term finance, focusing on commercial banking and Micro and Small and Medium Enterprises (MSMEs).⁷ IFC has developed six finance lines to support trading activities. IFC currently has an outstanding portfolio of US\$27.4 million in Bolivia, consisting of seven active projects. This volume of business represents a slight decrease with respect to the beginning of the CPF period (US\$32 million). However, it remains over 50 percent higher than the historical low in the collaboration with IFC, experienced in 2013 and 2014. Most of the IFC portfolio is focused on MSME financing, in addition to three smaller projects in manufacturing and infrastructure.

Summary of Progress Towards Achieving CPF Objectives

21. **Progress towards the achievement of CPF objectives has been mixed.** Of the 13 CPF objective indicators, four have been partially achieved and are on track to be achieved in the remainder of the CPF period; progress on two objective indicators cannot be reported against their baseline values due to methodological changes (indicators will be maintained but baseline and target values will be adjusted), and seven indicators have witnessed limited or no progress due to difficulties in project implementation (three of them are linked to problem projects) or lack of achievement of envisaged activities. Details on the progress by objective and indicator, under each of the CPF’s two pillars, are described below.

⁶ The SCD identified the following knowledge gaps: (i) spatial analysis of poverty dynamics; (ii) the impact of climate change and natural disasters on poverty; (iii) learning achievements and quality of education; (iv) firm-level data and analysis on innovation; (v) potential for productivity and employment growth through services; (vi) product market competition; (vii) the impact of recurrent state market interventions, and (viii) public expenditure.

⁷ IFC investments have reached 16,000 MSMEs through loans with local banks, for a total volume of more than US\$740 million.

Pillar 1: Promote Broad-Based and Inclusive Growth

22. **Objective 1: Reduce transport costs and increase connectivity of isolated and vulnerable communities to the national road network in selected areas.** Due to implementation challenges in the portfolio in transport, the objective, as it is framed, is not achievable by the end of the CPF. An IPF to support the year-round transitivity of the San Buenaventura-Ixiamas road began implementation in FY16 (P122007) but was stopped temporarily due to the departure of the construction firm. Two IPFs to improve transport accessibility and the condition of the primary road network were approved, and implementation is in the initial stages. As such, the *reduction in transport costs to San Buenaventura-Ixiamas* (Indicator 1) has not registered progress to date. Traditionally strong, the operations in rural development have supported investments in basic rural infrastructure to increase the connectivity of rural and isolated communities and producers. The *number of people with improved access to markets and services* (Indicator 2) is on track, even though progress was less than expected due to delays in the effectiveness of the AF in the sector.

23. **Objective 2: Increase access to selected quality basic services for the poorest rural and urban communities.** Progress towards this objective has been mixed. There has been little progress in *increasing households' access to electricity* (Indicator 3) due to the implementation challenges affecting the Access and Renewable Energy Project (P127837), which is being cancelled.⁸ Basic social and productive services have continued to be provided to the poorest rural communities through the Community Investment in Rural Areas Project (P107137). Yet, the *percentage of the population in the bottom quartile of municipalities benefiting from expanded access to basic services* (Indicator 4) could not be measured against its baseline value due to changes in the methodology used to classify municipalities by poverty level.⁹ A strong TA program has been supporting the elaboration of a *National Urban Development Plan* (Indicator 5), which is partially achieved.

24. **Objective 3: Improve opportunities for income generation, market access and sustainable intensification.** Progress towards this objective has been limited. The successful World Bank-financed Rural Alliances Project (P127743) has contributed to a 38 percent *increase in the average volume of sales of products involved in rural alliances* (Indicator 6), if measured using the new methodology developed to measure aggregate sales. IFC program has supported *access to financial services to MSMEs* (Indicator 7), but the target value is not achievable in the remainder of the CPF period due to lack of an envisaged equity investment. The *volume of trade supported by IFC's trade finance* (Indicator 8) operations progressed less than expected. Finally, no progress has been made in *increasing the average labor income of youth benefiting from youth employment programs* (Indicator 9) since the Improving Employability and Labor Income of Youth Project (P143995) has been restructured in FY18 to reflect the new institutional framework.

Pillar 2: Support Environmental and Fiscal Sustainability and Resilience to Climate Change and Economic Shocks

25. **Objective 4: Strengthen capacity to manage climate change and reduce vulnerability to natural disasters.** Progress towards this objective is on track. The DRM DPF that closed in

⁸ The Access and Renewable Energy Project was affected by limited ownership by one of the departmental governments, a lengthy process for effectiveness, institutional changes, staff turnover, and limited capacity.

⁹ There is progress, however, if one applies the new methodology and recalculates the baseline and target values.

FY16 was effective in *strengthening the Government's capacity to comprehensively manage disaster and climate risks* (Indicator 10): climate change has been mainstreamed in the Government's PDES and the Government is developing the national plan. The Government has also issued regulations mandating sectors to develop and adopt methodologies to include DRM and Climate Risk in public investment projects, with progress expected in irrigation, energy, hydrocarbons, water, sanitation and solid waste sectors. Thus, the indicator on *disaster and climate risk considerations incorporated into public investment projects* (Indicator 11) is on track. An important achievement was the allocation of budgetary resources to the Disaster Reduction and Response Fund (FORADE), allowing the Government to respond quickly to the floods of 2018.

26. **Objective 5: Strengthen institutional capacity to improve public resource management and business environment.** There has been no progress towards this objective given limited dialogue on these topics. Through the provision of TA, the World Bank supported the design of a framework for multiannual planning and budgeting, but this has not resulted in the adoption of a comprehensive *medium-term vision of the national budget* (Indicator 12). The budget does include medium-term expenditure projections for investment projects financed by external funding, but this is still far from a medium-term expenditure framework. There are no results to report under the *improved business environment for private investment* (Indicator 13). Preparation of potential DPFs to support this area have been dropped due to the deterioration of the macroeconomic framework. WBG support has been limited to the provision of just-in-time TA to respond to the Government's recent and increased interest in improving its knowledge of PPPs.

Evolution of Partnerships and Leveraging

27. **Coordination with development partners has continued through the *Grupo de Socios para el Desarrollo de Boliva (GruS, Bolivia Donors Group)* and its sector platforms.** Exchange of information among development partners is regular through the monthly GruS and sector sub-groups meetings. Parallel financing is common and coordination has taken place through the GruS sector platforms and bilateral dialogue. In health, the World Bank is re-engaging, and has taken the lead of the donor coordination group, which includes the participation of representatives of the *Ministerio de Salud* (MS, Ministry of Health). The Innovation and Agricultural Services Project, now closed, successfully leveraged the resources of other development agencies, specifically those of Denmark DANIDA and Switzerland COSUDE, which provided co-financing under common fiduciary arrangements, procedures and results framework.

28. **The WBG will pursue opportunities for partnerships and the leveraging of resources.** The Switzerland State Secretariat for Economic Affairs (SECO) has channeled trust fund resources to the World Bank to continue providing TA in urban development. These resources are supporting studies that are needed for the preparation of a proposed Urban Resilience Project (FY19). Also, a grant from the Swede Fund (SF) would finance the design of a water treatment plant in La Paz, expected to be financed by the World Bank through a proposed Wastewater Treatment and Reuse Plants Project (FY20). Prospects for leveraging private sector financing are limited given the existing legal and regulatory framework but the WBG will continue to look for emerging opportunities. Some approved projects also seek to leverage resources: the ongoing Improving Employability and Labor Income of Youth Project relies on the partnership between the Government and the private sector to insert youth into the labor market.

IV. EMERGING LESSONS

29. **In a context of low institutional and implementation capacity, strong implementation support is key for making progress in project implementation.**¹⁰ The World Bank's Country Office has focal points for nearly all sectors, and task teams provide close implementation support. In addition to the bi-annual CPPR, portfolio implementation meetings take place monthly with the participation of the MDP. This has allowed the early identification of bottlenecks and that action be taken in a timely manner. Fiduciary and safeguards staff have continued to provide training and day-to-day guidance and supervision to local counterparts. Hands-on support in selected entities (e.g., consultants to build capacity in bidding evaluation at ABC) is starting to show results in moving forward project implementation. For the remainder of the CPF, the Bank will place greater attention to the actual implementation of measures to strengthen institutional capacity of key entities and seek opportunities to support the development and use of country systems.¹¹

30. **At the same time, new ideas and processes have been explored and put in practice to complement implementation support.** For example, the Government has adopted measures to expedite public investment, e.g., eliminating the requirement for a subsidiary agreement when a project is executed by a central government level entity. The Government has also shown openness to using retroactive financing in World Bank-financed projects, given the lack of domestic resources for both project design and the implementation of initial activities. This would help executing entities hire dedicated staff to accelerate project preparation and ensure readiness for implementation. Other measures to be considered include the hiring of third-party agencies to handle procurement in sectors with weak capacity to overcome problems in compliance with World Bank fiduciary standards and requirements. The use of World Bank-administered trust funds to finance studies to support project preparation has also proven to be valuable.

31. **Operations that involve sub-national governments need to ensure ownership at the local level and be calibrated to the financial and technical capacities of local counterparts.** In Bolivia, projects are requested by the MDP and often conceptualized and designed by a central line ministry. For project investments that fall under the responsibility of sub-national governments, the Government usually requires these to take responsibility for debt repayment or provision of counterpart funding requirements. Often, however, sub-national entities do not actively participate in the projects' design and preparation. As a result, ownership at the local level can be jeopardized and incentives to contribute do not materialize immediately, leading to delays in both project effectiveness and implementation.

32. **Evidence points to specific criteria that can enhance project implementation.** Project implementation works best when project design is straightforward, responsibility over debt repayment is with Treasury, local counterpart financing (if required) is set at reasonable levels, and the capacity of implementing entities is solid. This mix of criteria has worked well in the agriculture sector, where projects have enjoyed smooth implementation. Elsewhere, however, the definition of debt repayment responsibilities and the provision and level of counterpart funds, both responsibilities of the *Ministerio de Economía y Finanzas Públicas* (MEPF, Ministry of Economy

¹⁰ Bolivia's institutional capacity is weak and implementation challenges are persistent (high staff turnover, inability to attract and retain qualified officials, limited knowledge of the regulations that apply to projects, etc.).

¹¹ For instance, the hiring of a contract management consultancy for the roads agency ABC, the implementation of a new integrated financial management system for projects financed by donor agencies also at ABC, TA and technical staff to ease the execution of the new health project.

and Public Finance), have remained undefined until the last stages of project preparation. This creates both uncertainty and leads to longer preparation times. When counterpart funding of sub-national governments is significant, changing circumstances (e.g., the fall of primary commodity prices) lead to delays in implementation. Restructuring, when required, is lengthy.

33. **The WBG has been flexible in responding to shifting Government priorities.** It is important to continue to deepen the dialogue in areas that are key for reducing poverty, boosting shared prosperity and putting the economy on a better footing. These include, *inter alia*, social protection, poverty reduction, basic and social services and boosting private sector financing. Importantly, on most of these themes, the Government and the WBG have found a comfortable common space for exchanging ideas. In some cases (PPP), moreover, the Government has asked the WBG to mobilize its expertise and leverage its global knowledge. Maintaining a key strategic engagement in these areas can also allow the WBG to respond quickly when windows of opportunity open and/or priorities shift unexpectedly.

V. ADJUSTMENTS TO THE COUNTRY PARTNERSHIP FRAMEWORK

34. **The CPF, with some adjustments, continues to provide an adequate framework for collaboration.** Objective 5 (Strengthening Institutional Capacity to Improve Public Resource Management and Business Environment) is dropped. Objective 1 (originally Reducing Transport Costs) and its related indicator, are framed in a less ambitious way since none of the investments in roads will be completed by the end of the CPF. A fourth objective under Pillar 1 is added (Improve the Information Base to Provide Quality Economic and Social Data for Public Policy Planning and Evaluation), reflecting ongoing collaboration. Other objectives remain unchanged, but their indicators are revised to reflect difficulties in portfolio implementation. As envisaged in the CPF, new areas of engagement have materialized, e.g., in the water and health sectors, where the World Bank has a solid comparative advantage and track record (in health), and which offer opportunities to address the SCD priority on reducing gaps and disparities in access to public services. As a result, Objective 2 on increasing access to select quality basic services will be strengthened. The pipeline and the planned ASA are closely aligned with Government priorities and benefit from the lessons learned to date. Moving forward, lending will depend on the implementation of the WBG program, the country economic performance, which presents some downside risks, on Bolivia's absorptive capacity, and the World Bank's lending capacity.

35. **Pillar 1. The World Bank will consolidate its portfolio in the transport sector.** The Government and the World Bank are working jointly to address the challenges that have prevented projects in the transport sector from moving forward. The focus in the remainder of the CPF period is on expediting current investments to improve transport accessibility and transitability and the conditions of the primary road network. Institutional strengthening of the roads agency, ABC, is envisaged under the ongoing Road Sector Capacity Development Project (P144597). Large contracts in the sector are expected to be awarded in the short term. Higher-level outcomes will not be achieved by the end of the CPF period (e.g., a reduction in transport costs), but less ambitious yet significant results can be achieved (e.g., *reduction in the average international roughness index under the two World Bank-supported corridors*).

36. **Efforts will intensify on improving access to, and quality of, selected services.** The Community Investment in Rural Areas AF (P127743) will provide basic social infrastructure to the most vulnerable. While the World Bank is moving away from the energy sector (the indicator

is being dropped), it is engaging in the water and sanitation sectors with a strong pipeline that includes three proposed projects: (i) Rural Water Access (FY19); (ii) Water and Sanitation in Peri-Urban Areas (FY20), and (iii) Sustainable Household Irrigation (FY20).¹² A proposed Wastewater and Reuse Treatment Plan Project is also envisaged for the final year of the CPF (FY20). Finally, a proposed Urban Resilient Cities Project is also under preparation (FY19). Indicators in the CPF's results framework are limited to the legacy portfolio, and therefore less ambitious than originally planned, to reflect delays in implementation and adjustments in values due to changes in the Government's methodology to classify municipalities by poverty level.

37. **Efforts will continue to support opportunities for improving income generation, access to markets and sustainable intensification.** Through the Rural Alliances Project II AF, the World Bank will continue to facilitate market access for rural producers. An indicator to measure sustainable intensification (*percentage of beneficiary productive alliances that apply improved agricultural technologies/practices*), absent in the CPF, is being added albeit not at a high-level due to the difficulty of measuring an increase in productivity by the end of the CPF period. The IFC will continue to facilitate access to finance for MSMEs (target value revised) and trade finance (target value revised). The Improving Employability and Labor Income of Youth Project (P143995), recently restructured and relaunched, may not enjoy sufficient implementation time to impact the income of youth, hence its related indicator has changed (*improvement in the placement rate of youth benefiting from skills development and labor insertion programs*).

38. **Improving the information base to provide quality economic and social data for public policy planning and evaluation is being introduced as a new objective (Objective 4).** In the last 7 years the World Bank has been a key partner in supporting the Government's efforts to develop core statistical operations and improve the capacity of the *Instituto Nacional de Estadística* (INE, National Statistical Institute). For the remainder of the CPF period, the Strengthening Statistical Capacity and the Informational Base for Evidence-Based Planning Project AF (P101336) will continue supporting the consolidation of the country's statistical system and the provision of key information for monitoring the impact of different programs and policies on poverty incidence and inequality, among others, and for evidence-based decision making. The related indicator is *quality statistical information in select areas produced and disseminated*.

39. **Pillar 2. The strong collaboration on environmental sustainability and resilience to climate change will continue.** The effects of climate change are already visible in Bolivia and will determine the sustainability of the country's development path. Considering Bolivia's increasing vulnerability to climate change and natural disasters, World Bank support in this area (now Objective 5) will focus on strengthening the institutional capacity to manage disaster and climate risks and the incorporation of risk considerations in the Government's public investment program (no change in indicators). Collaboration in this area will expand through a comprehensive flagship study on resilience to climate change, with a focus on the agriculture and irrigation, transport, urban development, energy, and water and sanitation sectors. This work will inform the active portfolio and pipeline on actions that could be taken to tackle climate change risks.

40. **Support for strengthening institutional capacity to improve public resource management and the business environment has not made progress.** As a result, former

¹² To address potential absorptive capacity concerns in the sector and ensure readiness for implementation, a significant portion of investments have completed the pre-investment stage.

Objective 5 is dropped. The World Bank will continue to seek opportunities to collaborate in areas related to public resource management and the business environment. The dialogue on these topics has been limited and expected activities to support the Government in its efforts to improve the management of public resources and the investment climate have not materialized beyond the provision of just-in-time TA to increase knowledge on PPPs. The WBG will remain open to engage in this important area of work, should the Government request assistance.

41. **ASA will support new lending and the policy dialogue in areas that are key for promoting inclusive growth (Table 2).** Ongoing ASA will underpin the IPFs in water and sanitation. The World Bank carried out a Gender Analysis that will allow new operations to better tackle the existing gender gaps. ASA will have a stronger advocacy character in sectors or themes that are key for inclusive growth. A new Poverty Study will focus on explaining the slowing down of poverty reduction and the risk of a relapse of some segments of the population into poverty. A proposed Social Protection Study aims at strengthening systems for better targeting of social programs, should the Government’s interest materialize on this front. The planned Study on Agriculture will provide an overview of the sector’s performance in the last decade and emerging opportunities for a quantum leap in terms of efficiency and productivity. The Flagship Report on Climate Change Adaptation will provide critical analysis and policy options in key sectors.

Table 2: Tentative ASA Program for FY18-19

FY18	FY19
Distributional Impact of Energy Subsidies in LC6	Opportunities for Agriculture
Gender Analysis	Mitigating Effects on the Poor
Strengthening Delivery of Sustainable Water Services for the Most Disadvantaged in Bolivia (Programmatic FY17-19)	Strengthening Delivery of Sustainable Water Services for the Most Disadvantaged in Bolivia (Programmatic FY17-19)
Dialogue on PPP	Flagship on Climate Change Adaptation
	Social Programs Beneficiary System

42. **The indicative lending program for the rest of the CPF period responds to emerging Government demands and is relevant vis-à-vis SCD priorities and WBG comparative advantage.** Six operations are under preparation, some of them well-advanced. The proposed Health Service Delivery Network Project is the Government’s main priority for FY18, and addresses the SCD priority of reducing gaps in access to public services. The strong pipeline for water and sanitation responds to the same SCD priority. Planned operations for water and sanitation over FY19-20 include the following: (i) Rural Water Access; (ii) Sustainable Household Irrigation; (iii) Water and Sanitation in Peri-Urban Areas, and (iv) Wastewater Treatment and Reuse Plants. The proposed Urban Resilience Project builds on ASA completed in the past 3 years and responds to the Government’s demand in this area. The volume of lending will depend on economic performance and program implementation, Bolivia’s interest in World Bank financing and absorptive capacity, and World Bank lending capacity. IFC’s pipeline in Bolivia reflects sectors that, in principle, are less correlated with political cycles and changes in public policies.

43. **MIGA remains open to supporting foreign investments in Bolivia through its political risk insurance.** This covers Currency Inconvertibility and Transfer Restriction, Expropriation, Breach of Contract, and War and Civil Disturbance. Opportunities for MIGA to support the private sector, and specifically FDI, will be subject to general market conditions as well as demand for MIGA insurance. At this time, MIGA does not have any outstanding exposure. MIGA had previously supported ProCredit Holding AG’s lending activities to MSMEs, the contract was

issued in 2011, and cancelled in late 2016 due to commercial business reasons of ProCredit Holding.

VI. RISKS TO CPF PROGRAM

44. **Risk to the CPF program continues to be rated as Substantial** (Table 3). The CPF had identified four areas where the risk to the implementation of the partnership framework was considered Substantial or High: (i) political and governance; (ii) sector strategies and policies, (iii) institutional capacity for implementation and sustainability of WBG programs and projects, and (iv) fiduciary. In these areas, the assessment of the original risks continues to be adequate. This PLR, however, is raising the macroeconomic risk from Moderate to Substantial, in the light of new vulnerabilities on the economic front in the medium term. Other risks related to the technical design of project or program, environmental and social aspects and stakeholders continue to be Moderate, as the situation has not changed from when the CPF was prepared.

45. **The macroeconomic risk is raised to Substantial, given mounting macroeconomic imbalances.** The remainder of the CPF period may see a reduction of the ample buffers that Bolivia currently possesses. If this situation materializes, it could imply lower availability of counterpart funds for projects, and lower availability of resources to support the maintenance and operation of infrastructure, including those financed by the World Bank (e.g., hospitals, roads), which could undermine the achievement of projects' development objectives. To the extent possible, as mitigation measures, the World Bank should provide full financing for investment projects to avoid putting additional pressure on the capacity of sub-national governments to provide counterpart funds. At the same time, the evaluation of project operational and maintenance expenditures should be estimated in project design to ensure that the Government allocates the required budgetary resources to implement and sustain projects' implementation.

Table 3: Risk Ratings

Risk Categories	Ratings (H, S, M, L)	Revised Ratings
Political and governance	S	S
Macroeconomic	M	S
Sector strategies and policies	S	S
Technical design of project or program	M	M
Inst. capacity for implementation and sustainability	H	H
Fiduciary	S	S
Environment and social	M	M
Stakeholders	M	M
Overall	S	S

ANNEX 1. UPDATED CPF RESULT FRAMEWORK

Pillar 1: Promote Broad-Based and Inclusive Growth	
Objective 1: Improve Road Conditions and Increase Connectivity of Vulnerable Communities in Selected Areas	
CPF Indicators	WBG Program
<p>Improved roads condition as measured by the International Roughness Index (IRI) for target roads in the national network (Santa Cruz-Trinidad and San Ignacio-San Jose)</p> <p><u>Baseline:</u> 5 (2017) <u>Target:</u> 3 (Jun. 2020)</p>	<p><u>Ongoing financing:</u></p> <ul style="list-style-type: none"> ▪ Road Sector Capacity Development Project (P144597) ▪ Santa Cruz Road Corridor Connector Project (P152281) ▪ National Roads and Airport Infrastructure Project (P122007) ▪ Community Investment in Rural Areas Project (PICAR) (P107137) <p><u>Planned ASA:</u></p> <ul style="list-style-type: none"> ▪ Climate Change Flagship Report, policy options in transport
<p>Increased number of households with improved access to markets and services (number of households)</p> <p><u>Baseline:</u> 13,416 (2015) <u>Target:</u> 50,000 (Jun. 2020)</p>	
Objective 2: Increase Access to Selected Quality Basic Services for the Poorest Communities	
CPF Indicators	WBG Program
<p>Percentage of the population in the bottom quartile of municipalities (according to the Government’s official poverty classification) benefiting from expanded access to basic services</p> <p><u>Baseline:</u> 8.9% (2015) <u>Target:</u> 22% (Jun.2020) Of which women: 45% of the total number of population benefited</p>	<p><u>Ongoing financing:</u></p> <ul style="list-style-type: none"> ▪ Community Investment in Rural Areas Project (PICAR) (P107137) ▪ Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project (P101336) ▪ Access and Renewable Energy Project IDTR II (P127837) (to be cancelled) <p><u>Pipeline:</u></p> <ul style="list-style-type: none"> ▪ Health Service Delivery Network Project (P164453) ▪ Urban Resilience (P165861) ▪ Rural Water Access Project (P161731) ▪ Sustainable Household Irrigation Project (P165365) ▪ Water and Sanitation in Peri-Urban Areas (P162005) ▪ Wastewater Treatment and Reuse Plants (P162305) <p><u>Closed during CPF period:</u></p> <ul style="list-style-type: none"> ▪ Urban Infrastructure Project (P083979) ▪ TF Early Childhood Care and Development in the Poorest and Most Vulnerable Urban Districts of La Paz and El Alto (P130580)
<p>National Urban Development Plan completed</p> <p><u>Baseline:</u> no urban development strategy (2015) <u>Target:</u> (a) urban diagnostics and action plans prepared for 3 cities; and (b) a strategy emanating from the PDES for intermediate cities informed (Jun.2020)</p>	

	<p><u>Ongoing ASA:</u></p> <ul style="list-style-type: none"> ▪ Strengthening Delivery of Sustainable Water Services for the Most Disadvantaged in Bolivia (P161979) ▪ Gender Analysis <p><u>Delivered ASA:</u></p> <ul style="list-style-type: none"> ▪ Urban Development Technical Assistance (P151912)
Objective 3: Improve Opportunities for Income Generation, Market Access and Sustainable Intensification	
CPF Indicators	WBG Program
<p>Increased average volume of sales of products involved in rural alliances</p> <p><u>Baseline:</u> 0 (2014) <u>Target:</u> 35 percent increase in volume marketed (Jun. 2020)</p> <p>Increased percentage of beneficiary members of productive alliances that apply improved technologies/practices</p> <p><u>Baseline:</u> 0 percent (Nov. 2017) <u>Target:</u> 70 percent (Jun. 2020)</p>	<p><u>Ongoing financing:</u></p> <ul style="list-style-type: none"> ▪ Rural Alliances II Project (P127743) ▪ Improving Employability and Labor Income of Youth (P143995) ▪ Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project (P101336) ▪ IFC credit lines in financial institutions that on-lend to MSMEs ▪ IFC trade finance <p><u>Closed during CPF period:</u></p> <ul style="list-style-type: none"> ▪ Agricultural Innovation and Services (P106700) ▪ JSDF Integrated Community-Driven Territorial Development for Remote Communities in the Amazon (P130664) <p><u>Delivered ASA:</u></p> <ul style="list-style-type: none"> ▪ Strengthening Human Talent for Science, Technology and Innovation (P150072) <p><u>Ongoing ASA:</u></p> <ul style="list-style-type: none"> ▪ IFC Advisory Services on Business Simplification ▪ Opportunities for Taking Bolivia's Agriculture Performance to the Next Level (P167412) ▪ Gender Analysis <p><u>Planned ASA:</u></p> <ul style="list-style-type: none"> ▪ Climate Change Flagship Report, agriculture and irrigation chapter
<p>Increased MSMEs access to financial services (in number of MSMEs)</p> <p><u>Baseline:</u> 12,000 (2015) <u>Target:</u> 29,000 MSMEs accessing new credit lines for productive investments (2019)</p> <p>Volume of trade supported by trade finance (cumulative of five years in US\$)</p> <p><u>Baseline:</u> US\$34,000,000 volume of trade (Mar. 2018) <u>Target:</u> US\$55,000,000 volume of trade (Jun. 2020)</p>	
<p>Increased placement rate of youth benefiting from youth employment programs in a job with at least the minimum salary one year after completing the training (percentage)</p> <p><u>Baseline:</u> 0 (2017)</p>	

<p><u>Target:</u> 50 percent increase after one year of completing the training (Jun. 2020)</p>	
<p>Objective 4: Improve the Information Base to Provide Quality Economic and Social Data for Public Policy Planning and Evaluation</p>	
<p>CPF Indicators</p>	<p>WBG Program</p>
<p>Quality statistical information produced and disseminated</p> <p><u>Baseline:</u> no updated and reliable information available for public policy planning and evaluation (2014)</p> <p><u>Target:</u> broad range of information produced and disseminated (agricultural census and survey, economic surveys in manufacturing and services and firm-level data, household and expenditure surveys) (Jun. 2020)</p>	<p><u>Ongoing financing:</u></p> <ul style="list-style-type: none"> ▪ Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project (P101336)
<p>Pillar 2: Support Environmental Sustainability and Resilience to Climate Change</p>	
<p>Objective 5: Strengthen Capacity to Manage Climate Change and Reduce Vulnerability to Natural Disasters</p>	
<p>CPF Indicators</p>	<p>WBG Program</p>
<p>Government’s capacity to comprehensively manage disaster and climate risks strengthened, as measured by: Plurinational Climate Change Plan developed and operational</p> <p><u>Baseline:</u> no plan (2014)</p> <p><u>Target:</u> Plan developed and fully operational (Jun. 2020)</p> <p>Disaster and climate risk considerations incorporated into public investment projects (independently from the source of financing)</p> <p><u>Baseline:</u> Public investment projects do not incorporate disaster and climate risk considerations (2015)</p> <p><u>Target:</u> Public investment projects in at least five sectors take into account disaster and climate risk considerations (Jun. 2020)</p>	<p><u>Ongoing financing:</u></p> <ul style="list-style-type: none"> ▪ Climate Resilience - Integrated Basin Management Loan and Grant (P129640) ▪ Road Sector Capacity Development Project (P144597) <p><u>Pipeline:</u></p> <ul style="list-style-type: none"> ▪ Urban Resilience (P165861) <p><u>Closed during CPF period:</u></p> <ul style="list-style-type: none"> ▪ Disaster Risk Management Development Policy Credit and Loan (P150751) ▪ TF Global Fund for Disaster Risk Reduction (GFDRR) <p><u>Delivered ASA:</u></p> <ul style="list-style-type: none"> ▪ Environmental Planning of Key Economic Sectors (P154322) ▪ Study on the impacts of floods and droughts on the poor in Bolivia <p><u>Planned ASA:</u></p> <ul style="list-style-type: none"> ▪ Climate Change Flagship Report

ANNEX 2: MATRIX OF CHANGES TO ORIGINAL CPF RESULTS FRAMEWORK

Pillar 1: Promote Broad-Based and Inclusive Growth		
Original CPF Objective 1: Reduce Transport Costs and Increase Connectivity of Isolated and Vulnerable Communities to the National Road Network in Selected Areas		
Revised CPF Objective 1: Improve Road Conditions and Increase Connectivity of Vulnerable Communities in Selected Areas		
Original CPF Indicators	Revised CPF Indicators	Rationale for Change
<p><u>DROPPED:</u> Transport costs to San Buenaventura – Ixiamas reduced (western-north corridor)</p> <p><u>Baseline:</u> Buses: \$4.41 cents/Km (2014) Large trucks: \$2.05 cents/Km (2014)</p> <p><u>Target:</u> Buses: 1.50 cents/km (2018) Large trucks: \$0.95 cents/km (2018)</p>	<p><u>ADDED:</u> Improved roads condition as measured by the International Roughness Index (IRI) for target roads in the national network (Santa Cruz-Trinidad and San Ignacio-San Jose)</p> <p><u>Baseline:</u> 5 (2017) <u>Target:</u> 3 (Jun. 2020)</p>	<p>Original indicator dropped due to implementation challenges that led to a temporary stop of the National Roads and Airport Infrastructure Project (P122007).</p> <p>Two new operations approved in FY16-17. Works will not be completed by the end of the CPF period, so that no reduction in transport cost can be measured. The IRI allows the measurement of improved road condition even if works has not yet been completed.</p>
<p><u>UNCHANGED:</u> Increased number of people with improved access to markets and services (number of people)</p> <p><u>Baseline:</u> 13,416 (2015) <u>Target:</u> 50,000 (2019)</p>	<p><u>UNCHANGED</u></p>	
Objective 2: Increase Access to Selected Quality Basic Services for the Poorest Communities		
Original CPF Indicators	Revised CPF Indicators	Rationale for Change
<p><u>DROPPED:</u> Increased number of people provided with access to electricity by household connections</p> <p><u>Baseline:</u> 0 (2015) <u>Target:</u> 108,000 (2019) Of which women: 50%</p>		<p>Indicator dropped given negligible progress due to delays in implementation and upcoming cancellation of operation in energy.</p>

<p>Percentage of the population in the bottom quartile of municipalities (according to the UN vulnerability index) benefiting from expanded access to basic services</p> <p><u>Baseline:</u> 31% (2015) <u>Target:</u> 45% (2019) Of which women: 45% of the total number of population benefited</p>	<p><u>REVISED:</u> Percentage of the population in the bottom quartile of municipalities (according to the Government's official poverty classification) benefiting from expanded access to basic services</p> <p><u>Baseline:</u> 8.9% (2015) <u>Target:</u> 22% (Jun. 2020) Of which women: 45% of the total number of population benefited</p>	<p>The Government changed the methodology for classifying municipalities by poverty level, as a result geographical targeting changed. Baseline and target values are being adjusted accordingly.</p>
<p><u>UNCHANGED:</u> National Urban Development Plan completed</p> <p><u>Baseline:</u> no urban development strategy (2015) <u>Target:</u> (a) urban diagnostics and action plans prepared for 3 cities; and (b) a strategy emanating from the PDES for intermediate cities informed (2019)</p>	<p><u>UNCHANGED</u></p>	
<p>Objective 3: Improve Opportunities for Income Generation, Market Access and Sustainable Intensification</p>		
<p>Original CPF Indicators</p>	<p>Revised CPF Indicators</p>	<p>Rationale for Change</p>
<p>Increased average volume of sales of products involved in rural alliances</p> <p><u>Baseline:</u> 0 (2014) <u>Target:</u> 50 percent increase in volume marketed (2019)</p>	<p><u>REVISED:</u> Increased average volume of sales of products involved in rural alliances</p> <p><u>Baseline:</u> 0 (2014) <u>Target:</u> 35 percent increase in volume marketed (Jun. 2020)</p>	<p>The end-target value is being adjusted to reflect improved methods for calculating aggregated sales. This is measured based on actual increase in volume, not on the aggregation of percentage increases achieved per alliances, which provides a different estimation. The adjustment also reflects the effects of climate variability.</p>
	<p><u>ADDED:</u> Increased percentage of beneficiary members of productive alliances that apply improved technologies/practices</p> <p><u>Baseline:</u> 0 percent (Nov. 2017) <u>Target:</u> 70 percent (Jun. 2020)</p>	<p>Added to provide an indicator to measure sustainable intensification. Operations in this area are just starting execution, thus no increase in productivity can be realized by the end of the CPF period, but this provides a sense of the magnitude in the application of improved technologies and practices in the agriculture sector.</p>
<p>Increased MSMEs access to financial services (in number of MSMEs)</p> <p><u>Baseline:</u> 12,000 (2015) <u>Target:</u> 69,000 MSMEs accessing new credit lines for productive investments (2019)</p>	<p><u>REVISED:</u> Increased MSMEs access to financial services (in number of MSMEs)</p> <p><u>Baseline:</u> 12,000 (2015) <u>Target:</u> 29,000 MSMEs accessing new credit lines for productive investments (2019)</p>	<p>End-target value revised downwards to reflect the lack of materialization of an envisaged equity investment.</p>

Volume of trade supported by trade finance (cumulative of five years in US\$) <u>Baseline:</u> US\$96,000,000 volume of trade (2015) <u>Target:</u> US\$107,000,000 volume of trade (2019)	<u>REVISED:</u> Volume of trade supported by trade finance (cumulative of five years in US\$) <u>Baseline:</u> US\$34,000,000 volume of trade (Mar. 2018) <u>Target:</u> US\$55,000,000 volume of trade (Jun. 2020)	Values revised due to changes in anticipated volumes for the rest of the CPF period.
<u>DROPPED:</u> Increased average labor income of youth benefiting from youth employment programs <u>Baseline:</u> 0 (2015) <u>Target:</u> 20 percent increase after one year of completing the training	<u>ADDED:</u> Increased placement rate of youth benefiting from youth employment programs in a job with at least the minimum salary one year after completing the training (percentage) <u>Baseline:</u> 0 (2017) <u>Target:</u> 50 percent increase after one year of completing the training (Jun. 2020)	Indicator dropped due to delays in the implementation of youth employment programs. WB project was restructured and recently relaunched. Indicator on labor insertion added instead.
<u>Added Objective 4: Improve the Information Base to Provide Quality Economic and Social Data for Public Policy Planning and Evaluation</u>		
	<u>ADDED:</u> Quality statistical information produced and disseminated <u>Baseline:</u> no updated and reliable information available for public policy planning and evaluation (2014) <u>Target:</u> broad range of information produced and disseminated (agricultural census and survey, economic surveys in manufacturing and services and firm-level data, household and expenditure surveys) (Jun. 2020)	Objective and indicators added to reflect the continued strong collaboration in data production in an extensive set of economic and social areas.
<u>Original Pillar 2: Support Environmental and Fiscal Sustainability and Resilience to Climate Change and Economic Shocks</u> <u>Revised Pillar 2: Support Environmental Sustainability and Resilience to Climate Change</u>		
<u>Objective 5: Strengthen Capacity to Manage Climate Change and Reduce Vulnerability to Natural Disasters</u>		
<u>Original CPF Indicators</u>	<u>Revised CPF Indicators</u>	<u>Rationale for Change</u>
<u>UNCHANGED:</u> Government's capacity to comprehensively manage disaster and climate risks strengthened, as measured by: Plurinational Climate Change Plan developed and operational <u>Baseline:</u> no plan (2014) <u>Target:</u> Plan developed and fully operational (2019)	<u>UNCHANGED</u>	

<p>UNCHANGED: Disaster and climate risk considerations incorporated into public investment projects (independently from the source of financing)</p> <p><u>Baseline:</u> Public investment projects do not incorporate disaster and climate risk considerations (2015)</p> <p><u>Target:</u> Public investment projects in at least five sectors take into account disaster and climate risk considerations (2019)</p>	<p>UNCHANGED</p>	
<p>Objective 5: Strengthen Institutional Capacity to Improve Public Resource Management and the Business Environment Dropped</p>		
<p>Original CPF Indicators</p>	<p>Revised CPF Indicators</p>	<p>Rationale for Change</p>
<p>DROPPED: Medium-term vision of the national budget adopted</p> <p><u>Baseline:</u> Budget approved by the Legislative Assembly has an annual coverage with no reference to a medium-term expenditure framework (2015)</p> <p><u>Target:</u> Budget approved by the Legislative Assembly includes an annex with the information about multiannual budget (2019)</p>		<p>Dropped due to no substantive activities in the area.</p>
<p>DROPPED: Improved business environment for private investment, as measured by the approval and implementation of regulations in (a) administrative simplification, (b) trade and/or competition law</p> <p><u>Baseline:</u> (2015)</p> <p><u>Target:</u> Laws and regulations approved and under implementation (2019)</p>		<p>Envisaged activities have not materialized.</p>

ANNEX 3: SUMMARY OF PROGRESS TOWARDS CPF OBJECTIVES

Pillar 1: Promote Broad-Based and Inclusive Growth			
Objective 1: Reduce Transport Costs and Increase Connectivity of Isolated and Vulnerable Communities to the National Road Network in Selected Areas			
CPF Indicators	Supplementary Progress Indicators	Progress to Date	WBG Program
<p>Indicator 1: Transport costs to San Buenaventura – Ixiamas reduced (western-north corridor)</p> <p><u>Baseline:</u> Buses: \$4.41 cents/Km (2014) Large trucks: \$2.05 cents/Km (2014)</p> <p><u>Target:</u> Buses: 1.50 cents/km (2018) Large trucks: \$0.95 cents/km (2018)</p>	<p>Roads constructed and rehabilitated (in kilometers)</p> <p><u>Baseline:</u> 200 (2014) <u>Target:</u> 574 (2019)</p>	<p>Indicator 1: No progress The length of asphalt sections under the San Buenaventura-Ixiamas road is only 6.5 km (out of the expected 113 km). Moreover, with the abandonment of works the quality of these sections could be affected. The future of the National Roads and Airport Infrastructure Project is still uncertain. No reduction in transport costs will be achieved by the end of the CPF period. Contracts for the rehabilitation of the Santa Cruz-Trinidad road (488 km) and the improvement of the San Ignacio-San Jose road (203 km) have yet to be awarded.</p>	<p><u>Ongoing financing:</u></p> <ul style="list-style-type: none"> ▪ Road Sector Capacity Development Project (P144597) ▪ Santa Cruz Road Corridor Connector Project (P152281) ▪ National Roads and Airport Infrastructure Project (P122007) ▪ Community Investment in Rural Areas Project (PICAR) (P107137) <p><u>Planned ASA:</u></p> <ul style="list-style-type: none"> ▪ Climate Change Flagship Report, policy options in transport
<p>Indicator 2: Increased number of people with improved access to markets and services (number of people)</p> <p><u>Baseline:</u> 13,416 (2015) <u>Target:</u> 50,000 (2019)</p>		<p>Indicator 2: On track To date, 24,711 households have benefited with improved access to markets and services. There were delays in project effectiveness, revisions to the program implementation schedule suggest that expected results will be achieved. So far 220 km of rural roads were improved.</p>	
Objective 2: Increase Access to Selected Quality Basic Services in the Poorest Communities			
CPF Indicators	Supplementary Progress Indicators	Progress to Date	WBG Program

<p>Indicator 3: Increased number of people provided with access to electricity by household connections</p> <p><u>Baseline:</u> 0 (2015) <u>Target:</u> 108,000 (2019) Of which women: 50%</p>	<p>Number of off grid and SHS systems installed</p> <p><u>Baseline:</u> 0 (2015) <u>Target:</u> 9,500 grid connections constructed (2019) 6,500 SHS installed (2019)</p>	<p>Indicator 3: No progress</p> <p>So far, no off grid nor solar home systems were installed under the Access and Renewable Energy Project, which faced recurrent implementation challenges and is being cancelled. To date there are just 3,709 beneficiaries of sub-projects that provided access to electricity under the Community Investment in Rural Areas Project.</p>	<p><u>Ongoing financing:</u></p> <ul style="list-style-type: none"> ▪ Community Investment in Rural Areas Project (PICAR) (P107137) ▪ Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project (P101336) ▪ Access and Renewable Energy Project IDTR II (P127837) (to be cancelled)
<p>Indicator 4: Percentage of the population in the bottom quartile of municipalities (according to the UN vulnerability index) benefiting from expanded access to basic services</p> <p><u>Baseline:</u> 31% (2015) <u>Target:</u> 45% (2019) Of which women: 45% of the total number of population benefited</p>	<p>Number of sub-projects successfully implemented in the most disadvantaged rural communities</p> <p><u>Baseline:</u> 520 sub-projects (2014) <u>Target:</u> 1,400 sub-projects (2019)</p>	<p>Indicator 4: Change in methodology</p> <p>In 2016 the Government replaced the UN vulnerability index with a new indicator based on unmet basic needs (UBN) and gross value of production to classify municipalities by poverty level. As a result, the geographic targeting of interventions changed. The recalculated baseline and target values are 8.9% and 22.7% respectively. At present, 12.4% of the population in the bottom quartile of municipalities have benefited from expanded access to basic services. 969 sub-projects have been implemented in the most disadvantaged rural communities. Adjustments to the program implementation plan suggest that the revised indicator is on track to be achieved. Out of the total population benefited, 48% are women.</p>	<p><u>Pipeline:</u></p> <ul style="list-style-type: none"> ▪ Health Service Delivery Network Project (P164453) ▪ Urban Resilience (P165861) ▪ Rural Water Access Project (P161731) ▪ Sustainable Household Irrigation Project (P165365) ▪ Water and Sanitation in Peri-Urban Areas (P162005) ▪ Wastewater Treatment and Reuse Plants (P162305) <p><u>Closed during CPF period:</u></p> <ul style="list-style-type: none"> ▪ Urban Infrastructure Project (P083979) ▪ TF Early Childhood Care and Development in the Poorest and Most Vulnerable Urban Districts of La Paz and El Alto (P130580) <p><u>Ongoing ASA:</u></p> <ul style="list-style-type: none"> ▪ Strengthening Delivery of Sustainable Water Services for the Most Disadvantaged in Bolivia (P161979) ▪ Gender Analysis
<p>Indicator 5: National Urban Development Plan completed</p> <p><u>Baseline:</u> no urban development strategy (2015) <u>Target:</u> (a) urban diagnostics and action plans prepared for 3 cities; and (b) a strategy emanating from the</p>	<p>Study on service provision in urban cities developed</p> <p><u>Baseline:</u> no study (2014) <u>Target:</u> study developed and disseminated (2016)</p>	<p>Indicator 5: Partially achieved</p> <p>Consistent technical assistance has been provided in urban development issues. Based on the diagnostic report that assessed urbanization trends, in FY16 a follow up TA assessed options to develop a National Urban</p>	<p><u>Delivered ASA:</u></p> <ul style="list-style-type: none"> ▪ Urban Development Technical Assistance (P151912)

PDES for intermediate cities informed (2019)		Development Plan. A subsequent TA on intermediate cities produced a main report that analyzes the urbanization process, proposes a new definition of intermediate cities, evaluates challenges and opportunities for these target cities, and provides recommendations for action based on global case studies. The report also presents five priority areas that could form a strategy for intermediate cities in Bolivia. SECO is providing grant funds for the preparation of an Urban Resilience IPF. And the government has informed its plan to develop a national urban development policy as a result of the recommendations of the TA.	
Objective 3: Improve Opportunities for Income Generation, Market Access and Sustainable Intensification			
CPF Indicators	Supplementary Progress Indicators	Progress to Date	WBG Program
<p>Indicator 6: Increased average volume of sales of products involved in rural alliances</p> <p><u>Baseline:</u> 0 (2014) <u>Target:</u> 50 percent increase in volume marketed (2019)</p>	<p>Number of households in alliances that receive financing support</p> <p><u>Baseline:</u> 858 (2014) <u>Target:</u> 25,000 (2018) Of which represented by women: 30%</p>	<p>Indicator 6: Change in methodology</p> <p>The Government improved the method for calculating aggregated sales. Indicator is now calculated based on actual increase in volume, not on the aggregation of percentage increases achieved per alliances, which provides a different estimation. The adjustment also reflects the effects of climate variability. Using the revised methodology, the adjusted target value is 35 percent increase in volume marketed. To date, the indicator reaches 37 percent.</p>	<p><u>Ongoing financing:</u></p> <ul style="list-style-type: none"> ▪ Rural Alliances II Project (P127743) ▪ Improving Employability and Labor Income of Youth (P143995) ▪ Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project (P101336) ▪ IFC credit lines in financial institutions that on-lend to MSMEs ▪ IFC trade finance <p><u>Closed during CPF period:</u></p> <ul style="list-style-type: none"> ▪ Agricultural Innovation and Services (P106700) ▪ JSDF Integrated Community-Driven Territorial Development for Remote

<p>Indicator 7: Increased MSMEs access to financial services (in number of MSMEs)</p> <p><u>Baseline:</u> 12,000 (2015) <u>Target:</u> 69,000 MSMEs accessing new credit lines for productive investments (2019)</p> <p>Indicator 8: Volume of trade supported by trade finance (cumulative of five years in US\$)</p> <p><u>Baseline:</u> US\$96,000,000 volume of trade (2015) <u>Target:</u> US\$107,000,000 volume of trade (2019)</p>	<p>Volume of MSME outstanding portfolio (in US\$ million)</p> <p><u>Baseline:</u> US\$ 321.6 million (2015) <u>Target:</u> US\$ 1 billion (2019)</p> <p>Number of farmers reached through private sector transactions</p> <p><u>Baseline:</u> 1,500 (2014) <u>Target:</u> 5,000 (2019) Number of Direct Jobs Created: <u>Baseline:</u> 0 (2015) <u>Target:</u> 1,000 (2017)</p>	<p>Indicator 7: Partially achieved By the end of 2017 16,000 MSMEs benefited from credit lines for productive investment. The volume of MSME outstanding portfolio is \$740m. Indicators are expected to be achieved by the end of the CPF period.</p> <p>Indicator 8: Partially achieved There have been changes in anticipated volumes of trade, it currently stands at \$34m.</p> <p>By the end of 2017, 2,728 farmers were reached through private sector transactions. Job creation has not realized due to project cancellation.</p>	<p>Communities in the Amazon (P130664)</p> <p><u>Delivered ASA:</u></p> <ul style="list-style-type: none"> Strengthening Human Talent for Science, Technology and Innovation (P150072) <p><u>Ongoing ASA:</u></p> <ul style="list-style-type: none"> IFC Advisory Services on Business Simplification Opportunities for Taking Bolivia's Agriculture Performance to the Next Level (P167412) Gender Analysis <p><u>Planned ASA:</u></p> <ul style="list-style-type: none"> Climate Change Flagship Report, agriculture and irrigation chapter
<p>Indicator 9: Increased average labor income of youth benefiting from youth employment programs</p> <p><u>Baseline:</u> 0 (2015) <u>Target:</u> 20 percent increase after one year of completing the training</p>		<p>Indicator 9: No progress The expansion of the skills development and youth employment programs has not realized. Programs in youth employment insertion suffered delays due to implementation challenges and changes in the Government's approach on the topic. President Morales announced its employment policy in May 2017 and relaunched the programs. The Bank's Improving Employability and Labor Income of Youth Project was restructured in early 2018 and is just starting implementation.</p>	
Pillar 2: Support Environmental and Fiscal Sustainability and Resilience to Climate Change and Economic Shocks			
Objective 4: Strengthen Capacity to Manage Climate Change and Reduce Vulnerability to Natural Disasters			
CPF Indicators	Supplementary Progress Indicators	Progress to Date	WBG Program
<p>Indicator 10: Government's capacity to comprehensively manage disaster and climate risks strengthened, as measured by: Plurinational Climate Change Plan developed and operational</p>	<p>Disaster Risk Management and Climate Change Adaptation Strategy adopted and applied in the primary road sector by ABC</p> <p><u>Baseline:</u> no strategy (2015)</p>	<p>Indicator 10: Partially achieved Climate change has been mainstreamed in the Economic and Social Development Plan 2016-2020, and the Mother Earth</p>	<p><u>Ongoing financing:</u></p> <ul style="list-style-type: none"> Climate Resilience - Integrated Basin Management Loan and Grant (P129640)

<p><u>Baseline</u>: no plan (2014) <u>Target</u>: Plan developed and fully operational (2019)</p> <p>Indicator 11: Disaster and climate risk considerations incorporated into public investment projects (independently from the source of financing)</p> <p><u>Baseline</u>: Public investment projects do not incorporate disaster and climate risk considerations (2015) <u>Target</u>: Public investment projects in at least five sectors take into account disaster and climate risk considerations (2019)</p>	<p><u>Target</u>: strategy applied in roads project handled by the ABC (2019) Disaster Reduction and Disaster Response Fund (FORADE) has a specific resource allocation in the national budget to finance DRM activities</p> <p><u>Baseline</u>: no budget allocation for DRM activities (2015) <u>Target</u>: Budget allocated to FORADE (yearly basis) Integrated River Basin Planning Methodology developed and adopted by the Government</p> <p><u>Baseline</u>: no methodology available (2014) <u>Target</u>: methodology developed and adopted (2018)</p>	<p>Authority is working on the development of a national plan.</p> <p>Indicator 11: On track The Government has issued a regulation (Ministerial Resolution 115/2015, MDP) mandating sectors to develop and adopt methodologies to include disaster risk management and climate change considerations in public investments projects, so far this has been completed in irrigation (Ministerial Resolution 480/2017, Ministry of Environment and Water). Other sectors in which progress has been done are energy (regulation expected to be issued in 2018), hydrocarbons (expected to be issued in 2018), and water, sanitation and solid waste, for which issuance of methodologies are expected to take place in 2019.</p> <p>An important achievement in this area has also been the allocation in the national budget (0.15 percent of the consolidated budget) to the Disaster Reduction and Disaster Response Fund (FORADE) which allowed the Government to quickly respond to flooding events occurred in early 2018. Funds are available for emergency attention, recovery and reconstruction activities.</p> <p>Under the Pilot Program for Climate Resilience, the Government developed a detailed methodology for river basin planning that includes modelling, decision-taking, etc. This was applied in the Mizque basin (rural,</p>	<ul style="list-style-type: none"> ▪ Road Sector Capacity Development Project (P144597) <p><u>Pipeline</u>:</p> <ul style="list-style-type: none"> ▪ Urban Resilience (P165861) <p><u>Closed during CPF period</u>:</p> <ul style="list-style-type: none"> ▪ Disaster Risk Management Development Policy Credit and Loan (P150751) ▪ TF Global Fund for Disaster Risk Reduction (GFDRR) <p><u>Delivered ASA</u>:</p> <ul style="list-style-type: none"> ▪ Environmental Planning of Key Economic Sectors (P154322) ▪ Study on the impacts of floods and droughts on the poor in Bolivia <p><u>Planned ASA</u>:</p> <ul style="list-style-type: none"> ▪ Climate Change Flagship Report
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		agriculture is the main activity, water scarcity). An improved version is being applied for the planning of the Rocha River basin (water systems, populated area, industrial) with positive results. It will also be used for the Arque-Tapacarí basin planning. Once the validation process is completed, it will be formally adopted by the Ministry of Environment and Water for basin planning.	
Objective 5: Strengthen Institutional Capacity to Improve Public Resource Management and the Business Environment			
CPF Indicators	Supplementary Progress Indicators	Progress to Date	WBG Program
<p>Indicator 12: Medium-term vision of the national budget adopted</p> <p><u>Baseline:</u> Budget approved by the Legislative Assembly has an annual coverage with no reference to a medium-term expenditure framework (2015)</p> <p><u>Target:</u> Budget approved by the Legislative Assembly includes an annex with the information about multiannual budget (2019)</p>	<p>Public Investment and Strategic Planning are aligned</p> <p><u>Baseline:</u> There is not a development plan approved (2014)</p> <p><u>Target:</u> The public investment program is linked to the pillars, goals and strategic actions of the Government's development plan (2018)</p>	<p>Indicator 12: Limited progress</p> <p>TA supported the design of a framework for multiannual budgeting and planning. At present, the budget approved by the Legislative Assembly includes multiannual expenditures for investment projects financed by external sources only. The public investment program is now linked to the pillars and goals of the Government's PDES 2016-2020.</p>	<p><u>Ongoing financing:</u></p> <ul style="list-style-type: none"> ▪ Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project (P101336) <p><u>Closed during CPF period:</u></p> <ul style="list-style-type: none"> ▪ IDF Strengthening of Planning, Investment, Fiduciary and Procurement Capacities (P148830) <p><u>Delivered ASA:</u></p> <ul style="list-style-type: none"> ▪ Multiannual Budgeting and Planning (P152473)
<p>Indicator 13: Improved business environment for private investment, as measured by the approval and implementation of regulations in (a) administrative simplification, (b) trade and/or competition law</p> <p><u>Baseline:</u> (2015)</p> <p><u>Target:</u> Laws and regulations approved and under implementation (2019)</p>		<p>Indicator 13: No longer relevant</p> <p>Dialogue in this area did not lead to a substantive program of collaboration. Some progress was made though the <i>Plan de Desburocratizacion del Estado</i>, but none of the results can be attributed to Bank's support. The Government approved regulations aimed at attracting private investment (supreme decree to promote PPPs in sub-national governments). The Government has not requested Bank support in public resource management and business climate beyond limited TA spur the knowledge base on PPPs.</p>	

ANNEX 4: MONITORING OF THE UPDATED CPF RESULTS FRAMEWORK

Pillar 1: Promote Broad-Based and Inclusive Growth	
Objective 1: Improve Road Conditions and Increase Connectivity of Vulnerable Communities in Selected Areas	
CPF Indicators	Indicator Description and Data Source
<p>Improved roads condition as measured by the International Roughness Index (IRI) for target roads in the national network (Santa Cruz-Trinidad and San Ignacio-San Jose)</p> <p><u>Baseline:</u> 5 (2017) <u>Target:</u> 3 (Jun. 2020)</p>	<p><u>Description:</u> the IRI measures the roughness of the road obtained from the longitudinal road profiles. It is calculated using a quarter-car vehicle math model in units of m/km using specialized equipment like bump integrators, rough meters or approximated with cell based app systems. The indicator will be calculated for the Santa Cruz - Trinidad road and the San Ignacio de Velasco – San Jose de Chiquitos road.</p> <p><u>Data source:</u> Monthly progress reports of the control and monitoring consultant on the Santa Cruz-Trinidad road, and final IRI checks by ABC and the Supervision Consultant on completed sections on the San Ignacio-San Jose road.</p>
<p>Increased number of households with improved access to markets and services (number of households)</p> <p><u>Baseline:</u> 13,416 (2015) <u>Target:</u> 50,000 (Jun. 2020)</p>	<p><u>Description:</u> “Improved access to markets” is the result of the productive partnerships subprojects supported by PAR. Each subproject is carried out by farmers organizations comprising at least 20 households. By following through with the planned activities in each subproject, such as acquiring tools and contracting technical assistance, the beneficiary households improve production as per the requirements of the selected buyers in terms of types of product, volume delivered and quality. By doing so, organized farmers strengthen their focus on commercial production and their linkages with diverse formal and informal markets.</p> <p>Following a similar rationale, “Improved access to services” refers to the households that have participated in community subprojects supported by PICAR. The funded subprojects cover a wide range of areas, such as basic production for food self-sufficiency, facilities for tap water, and road improvement and accessibility (e.g. bridges). “Services” is widely understood in terms of community improvements that meet basic needs (e.g. water services, sanitation services, irrigation services, transport services, production services, and so on).</p> <p><u>Data source:</u> EMPODERAR Management Information System</p>
Objective 2: Increase Access to Selected Quality Basic Services for the Poorest Communities	
CPF Indicators	Indicator Description and Data Source
<p>Percentage of the population in the bottom quartile of municipalities (according to the Government’s official poverty classification) benefiting from expanded access to basic services</p>	<p><u>Description:</u> The bottom quartile municipalities refers to municipalities classified as A or B as per the composite ranking of unsatisfied basic needs and gross production value. This classification was set up by the Government and is used in all investment projects addressing rural poverty. Municipalities</p>

<p><u>Baseline:</u> 8.9% (2015) <u>Target:</u> 22% (Jun. 2020) Of which women: 45% of the total number of population benefited</p>	<p>classified as A or B are eligible for financing under the PICAR project; the denominator of the indicator is the total population of those areas, whereas the numerator is the population benefited by the communities' subprojects.</p> <p><u>Data source:</u> EMPODERAR Management Information System</p>
<p>National Urban Development Plan completed</p> <p><u>Baseline:</u> no urban development strategy (2015) <u>Target:</u> (a) urban diagnostics and action plans prepared for 3 cities; and (b) a strategy emanating from the PDES for intermediate cities informed (Jun. 2020)</p>	<p><u>Description:</u> the indicator measures the development of a national strategy to support the development of urban areas. The urban diagnostics and action plans for three cities are intended to have a deeper diagnostic and plan for each type of city (a main city in the <i>eje central</i>, a capital city outside de <i>eje central</i>, and an intermediate city). The extensive ASA provided in the last years, and ongoing through the Resilient Cities project, is expected to inform a Government strategy for urban development/intermediate cities.</p> <p><u>Data source:</u> WB products delivered to the client related to the urban development ASA program and the Government plan/strategy developed.</p>
Objective 3: Improve Opportunities for Income Generation, Market Access and Sustainable Intensification	
CPF Indicators	Indicator Description and Data Source
<p>Increased average volume of sales of products involved in rural alliances</p> <p><u>Baseline:</u> 0 (2014) <u>Target:</u> 35 percent increase in volume marketed (Jun. 2020)</p>	<p><u>Description:</u> the estimate is based on sales of all subprojects supported by PAR. The increase is calculated by converting the units sold in each type of subproject into kilograms, using standard coefficients, and aggregating the total volume for each measurement. For instance, milk sales, originally in liters, are converted to kilograms by multiplying the value in liters by 1.04; egg sales expressed in number of eggs are multiplied by 0.06. The final aggregated volume after the intervention is compared with the volume of sales at entry.</p> <p><u>Data source:</u> EMPODERAR Management Information System</p>
<p>Increased percentage of beneficiary members of productive alliances that apply improved technologies/practices</p> <p><u>Baseline:</u> 0 percent (Nov. 2017) <u>Target:</u> 70 percent (Jun. 2020)</p>	<p><u>Description:</u> the indicator refers to the beneficiaries of subprojects supported by PAR. The provision of technical assistance is an integral part of each business plan, which ultimately is expected to help farmers better achieve markets demands (type of product, volume and quality). The indicator is reported by means of the project's information system, which records recurrent surveys that assess the extent to which farmers are adopting improved technologies and practices, such as vegetal varieties, improved pest control schemes, improved irrigation technology, and so on. The technologies/practices cover the spectrum from primary production (agronomic practices) to storing and pro-processing.</p> <p><u>Data source:</u> EMPODERAR Management Information System</p>

<p>Increased MSMEs access to financial services (in number of MSMEs)</p> <p><u>Baseline:</u> 12,000 (2015) <u>Target:</u> 29,000 MSMEs accessing new credit lines for productive investments (2019)</p>	<p><u>Description:</u> number of outstanding loans supported by IFC operations as of end 2019.</p> <p><u>Data source:</u> reach indicators self-reporting that IFC clients have to do on an annual basis.</p>
<p>Volume of trade supported by trade finance (cumulative of five years in US\$)</p> <p><u>Baseline:</u> US\$34,000,000 volume of trade (Mar. 2018) <u>Target:</u> US\$55,000,000 volume of trade (Jun. 2020)</p>	<p><u>Description:</u> cumulative value of Trade Finance Guarantees supported by IFC committed during the last five years.</p> <p><u>Data source:</u> reach indicators self-reporting that IFC clients have to do on an annual basis.</p>
<p>Increased placement rate of youth benefiting from youth employment programs in a job with at least the minimum salary one year after completing the training (percentage)</p> <p><u>Baseline:</u> 0 (2017) <u>Target:</u> 50 percent increase after one year of completing the training (Jun. 2020)</p>	<p><u>Description:</u> the indicator will measure the percentage of youth that has a job with at least the national minimum wage after one year of having received the training in employability skills under the Improving Employability Project.</p> <p><u>Data source:</u> entry data will be collected by the Program's Beneficiary Registry. Data collected after one year of receiving the training will be provided by a follow up survey to be hired by the MDP.</p>
Objective 4: Improve the Information Base to Provide Quality Economic and Social Data for Public Policy Planning and Evaluation	
CPF Indicators	Indicator Description and Data Source
<p>Quality statistical information produced and disseminated</p> <p><u>Baseline:</u> no updated and reliable information available for public policy planning and evaluation (2014) <u>Target:</u> broad range of information produced and disseminated (agricultural census and survey, economic surveys in manufacturing and services and firm-level data, household and expenditure surveys) (Jun. 2020)</p>	<p><u>Description:</u> the indicator measures the set of information generated and publicly disseminated related to economic and social statistics.</p> <p><u>Data source:</u> INE</p>
Pillar 2: Support Environmental Sustainability and Resilience to Climate Change	
Objective 5: Strengthen Capacity to Manage Climate Change and Reduce Vulnerability to Natural Disasters	
CPF Indicators	Indicator Description and Data Source
<p>Government's capacity to comprehensively manage disaster and climate risks strengthened, as measured by: Plurinational Climate Change Plan developed and operational</p> <p><u>Baseline:</u> no plan (2014) <u>Target:</u> Plan developed and fully operational (Jun. 2020)</p>	<p><u>Description:</u> a national Climate Change Plan developed by the Mother Earth Authority.</p> <p><u>Data source:</u> Mother Earth Authority.</p>

<p>Disaster and climate risk considerations incorporated into public investment projects (independently from the source of financing)</p> <p><u>Baseline:</u> Public investment projects do not incorporate disaster and climate risk considerations (2015)</p> <p><u>Target:</u> Public investment projects in at least five sectors take into account disaster and climate risk considerations (Jun. 2020)</p>	<p><u>Description:</u> the indicator measures the implementation of the MDP's Ministerial Resolution 115/2015 that mandates sectors to develop and adopt methodologies to include disaster risk management and climate change considerations in their public investment programs and projects.</p> <p><u>Data source:</u> Ministerial resolutions approved in the different sectors developing and adopting methodologies to include disaster risk management and climate change considerations in public investments projects.</p>
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ANNEX 5: KEY ECONOMIC INDICATORS

	2010	2011	2012	2013	2014	2015	2016	2017
Real sector								
GDP growth (%)	4.1	5.2	5.1	6.8	5.5	4.9	4.3	4.2
Nominal GDP (US\$ billion)	19.6	24.0	27.1	30.7	33.0	33.0	33.9	37.5
Investment (% of GDP), of which	16.6	19.0	18.4	19.1	21.0	21.4	20.7	21.3
Public investment	9.5	10.5	10.5	11.3	12.4	13.5	12.9	13.0
Private investment	7.1	8.4	7.8	7.7	8.6	7.9	7.7	8.3
Natural gas production (Million cubic meters per day)	42.9	44.6	51.2	59.0	63.1	60.8	56.6	54.4
Memo item: Oil price (US\$ per barrel, p.a.)	79.4	95.1	94.2	97.9	93.1	48.7	43.2	53.1
External accounts, % of GDP, unless otherwise indicated								
Current account balance	3.9	0.3	7.3	2.4	1.7	-5.9	-5.7	-6.3
Resource balance, of which	5.9	3.6	12.7	7.1	8.8	-1.2	-2.6	-2.3
Exports of goods and non financial services (GNFS)	34.3	36.7	44.4	38.7	38.8	26.3	20.6	20.7
o.w. gas exports	14.2	16.2	20.2	19.9	18.2	11.4	6.0	6.9
Imports of GNFS	28.5	33.1	31.7	31.6	30.0	27.5	23.2	22.9
Foreign direct investment, net	3.4	3.6	3.9	5.7	2.1	1.7	0.7	1.7
International reserves (US\$ billion)	9.7	12.0	13.9	14.4	15.1	13.1	10.1	10.3
International reserves (Months of Imports)	17.3	16.4	13.9	14.6	14.2	18.0	17.3	15.9
Fiscal accounts, % of GDP, unless otherwise indicated								
Non Financial Public Sector (adjusted) *								
Total revenues	33.2	36.2	37.8	39.1	39.9	37.7	33.2	30.8
Hydrocarbon revenues	20.8	20.0	22.4	23.6	24.2	18.6	13.8	12.9
Total expenditures	31.5	35.4	36.0	38.4	43.3	44.6	39.7	38.6
Current expenditures	22.8	24.2	25.1	24.9	28.2	29.1	24.9	25.1
Capital expenditures	8.7	11.2	11.0	13.5	15.0	15.5	14.8	13.5
Overall balance	1.7	0.8	1.8	0.6	-3.4	-6.9	-6.6	-7.8
External financing	1.0	1.8	2.3	2.5	1.3	1.7	1.9	5.7
Domestic financing	-2.7	-2.6	-4.1	-3.1	2.0	5.2	4.6	2.2
Public liabilities and assets								
Gross public debt**	39.5	36.9	36.7	37.3	38.0	41.6	45.8	49.9
Public sector's deposit at the Central Bank	21.2	22.0	25.4	26.6	24.4	20.8	18.8	16.7
Monetary and financial sector, percent, unless otherwise indicated								
CPI inflation (e.o.p.)	7.2	6.9	4.5	6.5	5.2	3.0	4.0	2.7
Broad money growth (M3, % of GDP)	12.5	17.7	20.2	16.2	15.6	16.2	2.6	10.2
Real exchange rate depreciation (e.o.p., +=depreciation)	-2.3	-6.5	-1.3	-12.1	-9.2	-9.4	0.5	5.1
Deposits (% of GDP)	44.6	43.9	47.4	50.4	54.6	65.5	66.2	66.1
Domestic credit (% of GDP)	36.1	36.8	38.8	40.7	43.6	51.3	59.0	60.0
Non-performing loans (% of total loans)***	2.2	1.7	1.5	1.5	1.5	1.5	1.5	1.6
Return on equity ratio***	1.4	1.5	1.4	1.1	1.2	1.0	1.0	1.0
Return on assets ratio***	17.3	19.5	17.6	14.2	16.9	15.1	15.3	14.5
Poverty and inequality, % of population, unless otherwise indicated								
Poverty	..	45.1	43.3	38.9	39.1	38.6	39.5	..
Urban	..	36.8	34.7	28.9	30.5	31.0	31.6	..
Rural	..	61.9	61.2	59.9	57.5	55.0	56.9	..
Extreme poverty	..	21.0	21.6	18.7	17.1	16.8	18.3	..
Urban	..	10.8	12.2	9.1	8.3	9.3	10.0	..
Rural	..	41.8	41.1	38.8	36.1	33.3	36.6	..
Gini (Coefficient)	..	0.47	0.47	0.48	0.49	0.47	0.47	..

Notes: (*) The fiscal accounts are those of the Non Financial public sector, adjusted to reflect the operational balance of the public enterprises as revenue; (**) Public sector debt includes all financial obligations of the central government and subnational governments as well as liabilities of non-financial state-owned enterprises to the central bank; (***) The 2013 Financial Services Law reorganized the financial sector by turning some financial institution into commercial banks, which are now known as multiple banks.
Source: Central Bank of Bolivia, National Statistical Institute, International Monetary Fund, Financial System Supervisory Authority (ASFI), Global Economic Monitor, and staff estimates.